

## Applying for a Parent PLUS Loan

The William D. Ford Federal Direct **Parent PLUS Loan** is an unsubsidized loan available through the U.S. Department of Education to parents who wish to borrow money to help their dependent undergraduate children cover the costs of their college education. The Parent PLUS Loan requires credit approval and is generally meant to supplement the student's other financial aid.

### Information for PARENTS

#### When should I apply?

A new application must be completed each year you wish to receive a Parent PLUS Loan (credit-checks are valid for up to 180 days). It is best to complete the application after your child has received their Financial Aid Offer; as knowing the amount of financial aid your child is receiving will help you to determine the appropriate PLUS Loan amount to request.

#### What are the eligibility requirements?

You (the parent) must:

- Be a U.S. Citizen or National or Permanent Resident/Other Eligible Non-Citizen.
- Be the biological or adoptive parent of a dependent undergraduate student –or– the spouse of the student's biological or adoptive parent *and* considered to be a parent in accordance with the FAFSA.
- Not have an adverse credit history.
- Have a valid FAFSA on file at Northwest University for the appropriate academic year.
- Meet all general eligibility requirements for federal student aid, as defined by the U.S. Department of Education. For more information, visit [StudentAid.gov/understand-aid/eligibility/requirements](https://StudentAid.gov/understand-aid/eligibility/requirements).

#### What if I am not eligible?

If your Parent PLUS Loan application is denied based on the results of your credit-check, you may choose to obtain a credit-worthy endorser to cosign the loan or appeal the credit decision by documenting extenuating circumstances relating to your adverse credit history to the satisfaction of the U.S. Department of Education. If your application is approved with an appeal or endorser, you must also complete **PLUS Credit Counseling** online at [StudentAid.gov](https://StudentAid.gov).

If you are unable to obtain an approved endorser or appeal, or other exceptional circumstances exist that prevent you from borrowing a Parent PLUS Loan, your child may be eligible to receive up to an additional \$5,000\* per year in federal unsubsidized loan funds (\*up to the amount normally available only to independent undergraduate students at the same grade level).

#### What other important information should I be aware of?

**Interest Rate:** Determined annually by the Government and fixed at the time of disbursement for the life of the loan. The interest rate for loans 1<sup>st</sup> disbursed between 7/1/22 and 6/30/23 is 7.54%.

**Loan Fee:** Prior to receiving any Parent PLUS Loan funds, the Government deducts a percentage of the principle loan amount, which is subtracted proportionately from each disbursement. This means the money you receive will be less than the amount you actually borrow. See [StudentAid.gov/interest](https://StudentAid.gov/interest) for current loan fees.

**Repayment:** The repayment period begins on the date of the final disbursement of the loan, with the first payment due 60 days from that date. You may be able to defer payments while your child is enrolled at least half-time, and for an additional six months after they graduate or drop below half-time. To learn more, visit [StudentAid.gov/deferment-forbearance](https://StudentAid.gov/deferment-forbearance).

**Maximum Amount:** There is no set borrowing limit for Parent PLUS Loans, but you may not borrow more than the cost of attendance for the period in which the loan is intended, minus the amount of other financial aid your child is receiving.

**Receiving Your Loan Money:** Parent PLUS Loans are generally disbursed by semester in equal installments, and the student must be enrolled at least ½ time. The funds will first be applied toward the owing balance on your child's school account. Any loan amount that remains after all charges have been paid is called a *credit balance*. The credit balance will be refunded directly to you or your child in accordance with the *Credit Balance Option* you selected when completing your online Parent PLUS Loan application at [StudentAid.gov](https://StudentAid.gov).

## Instructions for PARENTS – How to Apply for a PLUS Loan

### Step 1

Student Submits a FAFSA

In order to receive a Parent PLUS Loan, your child must have a valid Free Application for Federal Student Aid (FAFSA) on file at Northwest University for the applicable academic year. The FAFSA is completed online at [StudentAid.gov](https://studentaid.gov).

### Step 2

Parent Completes a PLUS Loan Application and Credit-Check

It is best to complete this step after reviewing your child's Financial Aid Offer and estimated out-of-pocket costs; as knowing the amount of financial aid your child is receiving will help you to determine the appropriate PLUS Loan amount to request.

- Go to [StudentAid.gov](https://studentaid.gov) and select the **Login** button to login with your Federal Student Aid username and password (FSA ID).
  - \* You must have your own unique FSA ID (do not use your child's FSA ID). For help, visit [StudentAid.gov/fsa-id](https://studentaid.gov/fsa-id).
- Once logged in, hover over the **Loans and Grants** menu item located at the top of the page and select **PLUS Loans: Grad PLUS and Parent PLUS** under the "Get a Loan" section.
- Under "Select a borrower type", select the **Learn More** button located next to **I am a Parent of a Student**.
- Select the **Start** button next to **I am a Parent of an Undergraduate Student**.
- Select **Continue** to confirm that you are logged in as a parent and do not currently have a freeze on your credit report.
- Select the appropriate **Award Year** from the drop down.
- Enter **your child's** information under the **Student Information** section.
- Review and answer the **Deferment** questions and select your preferred **Credit Balance Option**.
  - \* The Credit Balance Option you select will dictate whether a credit balance refund gets paid directly to you or your child.
- Select **Northwest University** as the school to notify and indicate the **Loan Amount** and **Loan Period** you are requesting.
  - \* If you are unsure of the Loan Amount or Loan Period to select, please contact Student Financial Services for assistance.
- Enter **your** information under the **Borrower Information** section.
- **Review and confirm all information** provided and authorize the U.S. Department of Education to **perform a credit-check**.
- You will be notified immediately if your credit-check has been approved or denied, and the results will be sent electronically to Northwest University within approximately 48 hours. Credit decisions remain valid for **180 days**.

### Step 3

Parent Completes a PLUS Loan Master Promissory Note (MPN)

The PLUS Master Promissory Note (PLUS MPN) explains all of the terms and conditions associated with PLUS Loans and constitutes your legally binding agreement to repay all loans received under the MPN. If you have borrowed a Parent PLUS Loan for this child in the past, and the PLUS MPN has not expired, you do not need to complete a new one. However, if you have not borrowed a PLUS Loan for this child before, or your PLUS MPN has expired, **you must complete this step**.

- Go to [StudentAid.gov](https://studentaid.gov) and select the **Login** button to login with your Federal Student Aid username and password (FSA ID).
- Once logged in, hover over the **Loans and Grants** menu item located at the top of the page and select **Master Promissory Note (MPN)** under the "Get a Loan" section.
- Select the **Start** button next to **I'm a Parent of an Undergraduate Student**.
- Continue on to complete the **PLUS MPN for Parents**, making sure to thoroughly review all terms and conditions entailed.
- Once complete, the PLUS MPN will be sent electronically to Northwest University within approximately 48 hours.

### What's Next?

After Completing Steps 1-3

Once all 3 steps above have been successfully completed, you will be notified when your Parent PLUS Loan has been added to your child's Financial Aid Offer.